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16 **UNITED STATES DISTRICT COURT**
17 **NORTHERN DISTRICT OF CALIFORNIA**
18 **SAN FRANCISCO DIVISION**

18 HTC CORPORATION and HTC AMERICA,
INC.,

19 Plaintiffs,

20 v.

21 TECHNOLOGY PROPERTIES LIMITED,
PATRIOT SCIENTIFIC CORPORATION,
22 and ALLIACENSE LIMITED,

23 Defendants.

CASE NO. 08-CV-00882 JL

**MEMORANDUM IN SUPPORT OF
DEFENDANTS' MOTION (1) TO
DISMISS ON GROUNDS OF LACK OF
SUBJECT MATTER JURISDICTION,
(2) IN THE ALTERNATIVE TO
TRANSFER TO THE EASTERN
DISTRICT OF TEXAS, AND (3) IN THE
ALTERNATIVE, TO STAY PENDING
APPEAL IN A RELATED CASE
INVOLVING THE SAME ISSUES**

Date: June 4, 2008

Time: 9:30 a.m.

Place: Courtroom F, 15th Floor

Judge: Hon. James Larson

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I. INTRODUCTION

The lead defendant in this case, Technology Properties Limited, Inc. (“TPL”), is a patent owner involved with the development, manufacture, and licensing of innovative high technology products.¹ The plaintiffs filed this declaratory judgment action alleging that they do not infringe TPL’s patents and that TPL’s patents are invalid. Because three of the four patents in this case were construed and litigated last year by Judge Ward of the Eastern District of Texas, and one of the other patents shares a specification with the already-construed patents. Further, Judge Ward’s claim construction order on 5,784,584 (“the ’584 patent”) is currently on appeal to the Federal Circuit; upon decision, this case is expected to return to Texas after a decision is issued. TPL has filed patent infringement cases on the patents at issue in this action against plaintiff HTC Corporation in the Eastern District of Texas. TPL has asked that these cases be deemed related to the prior action before Judge Ward.

There is no particular reason why this declaratory action should be brought in this Court. HTC Corporation is a Taiwanese company that has no significant ties to the forum which are not also present in the Eastern District of Texas. The defendants’ previous communications with HTC Corporation relating to the patents at issue have always been with offices in Taiwan, and Taiwan is likely where infringing product designs were developed, and the base from which infringing activities occurred. Co-plaintiff HTC America, Inc. which does have a California office, appears to be a wholly-owned subsidiary of the lead plaintiff with little connection to the subject matter of this case.

This Court should either (1) decline to exercise its discretionary declaratory judgment jurisdiction and dismiss this action or (2) transfer this action to the Eastern District of Texas pursuant to 28 U.S.C. § 1404(a) so that this case can proceed before Judge Ward. Dismissal or transfer will ensure that this Court conserves its resources and avoid “re-inventing the wheel” by

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¹ Co-defendant Patriot Scientific Corporation (“Patriot”) owns an interest in U.S. Patent Nos. 5,440,749, 5,784,584, 5,809,336, and 6,598,148. Alliacense Limited does not own an interest in any of these patents and should not have been named in this action.

1 learning the complex technology that a competent judge of another jurisdiction has already
2 mastered. In addition, declining jurisdiction or transferring this action will avoid the possibility of
3 inconsistent rulings between this Court and Judge Ward's prior rulings. Finally, granting this
4 motion will avoid parallel litigation over the '584 patent, the construction of which is still being
5 litigated, both to conserve judicial resources and avoid inconsistent rulings.

6 7 **II. STATEMENT OF FACTS**

8
9 TPL holds patents to several different aspects of a high speed computer microprocessor.
10 These patents include U.S. Patent Nos. 5,440,749 ("the '749 patent"), 5,784,584 ("the '584
11 patent"), 5,809,336 ("the '336 patent"), and 6,598,148 ("the '148 patent"). In general, the '336
12 patent discloses a microprocessor with a first clock that clocks the Central Processing Unit (CPU),
13 a second clock that clocks the input/output interface (I/O), and a mechanism that coordinates the
14 data transfer between the CPU and I/O despite their asynchronous timing. The '584 patent
15 discloses a method of executing a set of instructions within a plurality of instruction groups
16 acquired from memory. The '148 patent is directed to a microprocessor with a CPU designed
17 efficiently such that it takes up minimal surface area on the chip, and thus over 50% of the chip
18 surface is dedicated to Random Access Memory (RAM). The '749 patent discloses a
19 microprocessor that fetches multiple instructions in parallel and executes fetched instructions
20 using an arithmetic logic unit connected to a push down stack. These patents are part of the family
21 of patents known as the Moore Microprocessor Portfolio patents, or MMP patents. Numerous
22 major companies, such as Intel, Hewlett-Packard, and Nokia, have licensed the technology these
23 patents disclose and claim.

24 To protect its rights and the rights of its licensees, in 2006 TPL asserted the '336 patent,
25 the '584 patent, and the '148 patent of the MMP patents against Toshiba, Matsushita, NEC Corp.,
26 NEC Electronics, and Fujitsu. These defendants were later joined by intervenors ARM Inc. and
27 ARM, Ltd. ("ARM"). This action was in the Eastern District of Texas, where the case was
28 assigned to the Honorable John Ward under Case No. 2:05-cv-00494-TJW ("E.D. Tex. Case").

1 The case proceeded for two years, and Judge Ward received a tutorial on the technology of the
 2 MMP patents from both plaintiff and defendants. He issued a *Markman*² decision construing
 3 numerous limitations of the '336 patent, the '584 patent, and the '148 patent on June 15, 2007.
 4 Before the ruling, NEC Corp. and Fujitsu settled by purchasing MMP licenses. After the ruling
 5 issued, but before trial, further settlements were reached with defendants Toshiba, Matsushita, and
 6 NEC Electronics but not ARM.

7 Due to what TPL believes to be an erroneous claim construction regarding the '584 patent,
 8 however, TPL appealed the portion of the *Markman* decision relating to that patent as against
 9 ARM. This appeal was recently briefed in the Federal Circuit, and oral argument is scheduled for
 10 May 7, 2008. If the Federal Circuit overturns the *Markman* decision, it will send the case back to
 11 the Eastern District of Texas for further adjudication regarding the '584 patent. The case will
 12 include issues of alleged invalidity of the '584 patent under all of 35 U.S.C. §§ 102, 103, and 112.

13 On February 8, 2008, plaintiffs HTC Corp. and HTC America, Inc. filed this declaratory
 14 judgment complaint requesting this Court to declare that they do not infringe a valid or
 15 enforceable claim of the MMP patents. On April 25, 2008, TPL, Patriot, and MCM filed two
 16 complaints in the Eastern District of Texas against HTC and HTC America. These complaints
 17 involve all the patents at issue in this litigation.

18 **III. ARGUMENT**

19 **A. This action should be dismissed for lack of subject matter jurisdiction**
 20 **because the Declaratory Judgment Act does not grant jurisdiction**
 21 **when, in the court's discretion, such jurisdiction is unwarranted, such**
 22 **as when the issues are before a court in a more convenient and efficient**
 23 **forum.**

24 **1. Subject matter jurisdiction under the Declaratory Judgment Act**
 25 **is discretionary, and should not be granted unless the Court**
 26 **believes it is warranted, and the transfer factors of § 1404(a) are**
 27 **a guide to whether jurisdiction is warranted.**

28 The Declaratory Judgment Act set forth in 28 U.S.C. § 2201 provides in pertinent part:

² *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996).

1 In a case of actual controversy within its jurisdiction . . . , any court
 2 of the United States, upon the filing of an appropriate pleading, *may*
 3 declare the rights and other legal relations of any interested party
 seeking such declaration, whether or not further relief is or could be
 sought.

4 (emphasis added). Thus, subject matter jurisdiction in a declaratory judgment case is never
 5 mandatory. District courts are granted “unique and substantial discretion in deciding whether to
 6 declare the rights of litigants,” because “facts bearing on the usefulness of the declaratory
 7 judgment remedy, and the fitness of the case for resolution, are particularly within their grasp.”
 8 *Medimmune Inc. v. Genentech Inc.*, 549 U.S. 118, 127 S. Ct. 764, 776 (2007).

9 The question of whether to exercise declaratory judgment jurisdiction in the context of a
 10 patent infringement matter is governed by Federal Circuit case law rather than the decisions of the
 11 regional circuits, because the issue impacts the Federal Circuit’s mandate to promote national
 12 uniformity in patent practice. *See, e.g., Electronics for Imaging, Inc. v. Coyle*, 394 F.3d 1341,
 13 1345–46 (Fed. Cir. 2005). The Federal Circuit has recognized district courts’ broad discretion in
 14 whether or not to entertain “reverse” patent infringement suits such as the present case. *See, e.g.,*
 15 *Minnesota Min. and Mfg. Co. v. Norton Company*, 929 F.2d 670, 672 (Fed. Cir. 1991) (The Act
 16 and the courts “have made the exercise of declaratory judgment jurisdiction discretionary.”);
 17 *Electronics for Imaging, Inc.*, 394 F.3d at 1345 (recognizing a “unique and substantial
 18 discretion”); *EMC Corp. v. Norand Corp.*, 89 F.3d 807, 810 (Fed. Cir. 1996).

19 Of course, “[t]here must be well-founded reasons for declining to entertain a declaratory
 20 judgment action.” *Electronics for Imaging*, 394 F.3d at 1345. However, the Federal Circuit has
 21 recognized that one of those “well-founded reasons” is the fact that the same issues would be
 22 resolved more conveniently or efficiently in another forum. Indeed, recent case law requires this
 23 Court to consider the transfer factors of 28 U.S.C. § 1404(a) as a guide to determine whether to
 24 accept jurisdiction.

25 In the past, the Federal Circuit followed the general rule that the first-filed lawsuit should
 26 go forward. *See, e.g., Genentech v. Eli Lilly & Co.*, 998 F.2d, 931, 937 (Fed. Cir. 1993). In 2008,
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1 however, in response to the Supreme Court's 2007 *Medimmune* case, the Federal Circuit applies a
2 different rule. Now:

3 Instead of relying solely on considerations such as tenuousness of
4 jurisdiction, broadness of case, and degree of vestment, . . . or
5 automatically going with the first filed action, . . . the trial court
weighing jurisdiction . . . must consider the real underlying dispute:
the convenience and suitability of competing forums.

6 *Micron Technology, Inc. v. Mosaid Technologies, Inc.*, 518 F.3d 897, 902 (Fed. Cir. 2008). Thus,
7 the *Micron* court applied the factors announced in 28 U.S.C. § 1404(a) for adjudicating motions to
8 transfer venue. *See Micron*, 518 F.3d at 904 ("In other words, this court notes that when the
9 discretionary determination is presented after the filing of an infringement action, the jurisdiction
10 question is basically the same as a transfer action under § 1404(a).") The Federal Circuit reasoned
11 that "[e]ventually, robust consideration of these factors will reduce the incentives for a race to the
12 courthouse because both parties will realize that the case will be heard or transferred to the most
13 convenient or suitable forum." *Micron*, 518 F.3d at 905. Importantly, the Court noted, "[t]he first-
14 filed suit rule . . . will not always yield the most convenient and suitable forum." *Id.* at 904
15 (emphasis added). Therefore, this Court must determine the most suitable and convenient venue,
16 regardless of where it was first-filed. If this Court is not the most convenient forum, and the
17 issues are already proceeding where they are more convenient, the Court should decline to accept
18 declaratory judgment jurisdiction.

19 **2. The transfer factors of § 1404(a) counsel transfer of this case to**
20 **the Eastern District of Texas.**

21 The transfer statute 28 U.S.C. § 1404(a) provides that "For the convenience of parties and
22 witnesses, in the interest of justice, a district court may transfer any civil action to any other
23 district or division where it might have been brought." The purpose is "to prevent the waste of
24 time, energy, and money and to protect litigants, witnesses and the public against unnecessary
25 inconvenience and expense." *Van Dusen v. Barrack*, 376 U.S. 612, 616 (1964) (internal citation
26 omitted). The district court must consider both public factors which go to the interests of justice,
27 and private factors, which go to the convenience of the parties and witnesses. *See Decker Coal Co.*
28 *v. Commonwealth Edison Co.*, 805 F.2d 834, 843 (9th Cir.1986).

a. The public factors strongly favor transferring this case to the Eastern District of Texas.

In the context of patent litigation, this Court has recently identified various factors that are important in the transfer determination (some of which overlap with *Decker*):

- (1) the relative ability of each of the two courts to compel attendance of witnesses,
- (2) the relative ability of the two courts to provide direct access by witnesses and jurors to tangible evidence or to pertinent premises,
- (3) promoting consistency among court rulings that affect the development and trial of this case,
- (4) reducing the aggregate transaction costs imposed by the litigation on the parties,
- (5) providing the most expeditious access to judicial resources and a trial date,
- (6) assessing the relative intensity in the two jurisdictions of any local interests that the litigation might implicate, and
- (7) the relative levels of familiarity of the judges in the two courts with the substantive law they would be called upon to construe and apply in this case.

Arete Power, Inc., v. Beacon Power Corp., No. 07-CV-5167 WDB, 2008 WL 508477 at *9 (N.D. Cal. Feb. 22, 2008).³ Each of these factors favors the Eastern District of Texas as the more convenient forum, thus indicating that declaratory judgment should not be entertained in the Northern District of California.

(i) Judge Ward of the Eastern District of Texas is already familiar with the technical issues, and it would be wasteful of judicial resources for a second court to learn the same technology.

In a highly technical case, the judge's familiarity of the issues can be decisive. "Consideration of the interest of justice, which includes judicial economy, 'may be determinative to a particular transfer motion, even if the convenience of the parties and witnesses might call for a different result.'" *Regents of University of Cal. v. Eli Lilly & Co.*, 119 F.3d 1559, 1565 (Fed. Cir. 1997).

³ For the Court's convenience, copies of unpublished opinions are included as exhibits in the Declaration of Ronald F. Lopez, filed herewith.

1 In *Regents*, UC brought suit against Lilly in the Northern District of California for
 2 infringement of its patent covering recombinant DNA technology. *See id.* at 1562. The case was
 3 consolidated for discovery purposes with four other cases in the Southern District of Indiana
 4 pursuant to multi-district litigation procedures. *See id.* at 1563. After discovery was complete, the
 5 Indiana court transferred venue to itself for trial under § 1404(a) because judicial economy was
 6 best served by trial in the Indiana court. *See id.*

7 The Federal Circuit upheld the decision to transfer venue, stating that judicial economy,
 8 *standing alone*, was sufficient grounds, “in a case such as this in which several highly technical
 9 factual issues are presented,” for transfer “to a court that has become familiar with the issues.”
 10 *Regents* at 1565. Other courts have come to the same conclusion. *See, e.g., Reiffen v. Microsoft*,
 11 104 F.Supp. 2d 48, 55 (D.D.C. 2000) (transferring to the N.D. Cal, stating, “The Honorable
 12 Vaughn R. Walker of the Northern District has already expended substantial time and effort to
 13 become familiar with the technology underlying the disputed patents, the prosecution of the
 14 patents, the record considered by the Patent Office in issuing the patents, and the legal issues
 15 related to the patents’ alleged validity and infringement.”); *Pattishall, McAuliffe, Newbury,*
 16 *Hilliard & Geraldson, v. Gibson Guitar Corp.*, No. 91 C 6718, 1991 WL 273800, *2 (N.D. Ill.
 17 Dec. 12, 1991) (“First, the Tennessee case has been assigned to Judge John Nixon, who presided
 18 over the underlying trademark infringement case. Although the case settled, the parties still
 19 appeared before Judge Nixon on several occasions, and his familiarity with the infringement case
 20 will undoubtedly give him a greater understanding of the situation than if the case were to proceed
 21 in an entirely new forum. Familiarity of the judge with the underlying action has been held to be a
 22 valid consideration justifying a change of venue.”).

23 Judge Ward has already spent many days, likely weeks, learning the highly technical
 24 factual issues of the MMP patents. TPL filed its original complaint on October 24, 2005 for
 25 infringement of the ’336 patent, the ’584 patent, and the ’148 patent in the Eastern District of
 26 Texas. (*See* E.D. Tex. Complaint, Ex. A to Cook Decl.) Both plaintiff and defendants prepared
 27 and submitted tutorials on the technology disclosed in the patents. (*See* Tutorial, Ex. B to Cook
 28 Decl.) Judge Ward then took on the personal and labor-intensive task of learning the general area

1 of technology, and specifically the patents' detailed disclosure and claim terms. He was further
 2 required to review each of the patents' file histories and the competing expert interpretations and
 3 arguments of counsel. He considered the contested claim terms and phrases presented in each of
 4 the '336 patent, the '584 patent, and the '148 patent, and he issued a *Markman* decision on June
 5 15, 2007. (*See* Order, Ex. C to Cook Decl.) This decision construes the meaning of 33 claim terms
 6 over a 31 page decision. Further, the '749 patent shares a common specification with those
 7 patents. (*See* Cook Decl. ¶ 5.) Judge Ward is also at an advantage on understanding the claims of
 8 this patent as well because he has already read the patent's specification. Finally, Judge Ward
 9 would likely hear this case if transferred to the Eastern District of Texas. *See* E.D. Tex. Local
 10 Rules CV-42(a)-(c) (requiring counsel to notify court of cases with related subject matter and
 11 allowing consolidation of related cases).

12 It would be wasteful of this Court's resources to invest the time and mental energy to learn
 13 the complex technology involved when Judge Ward has already done so. It would further cause
 14 delay to the parties to allow this Court the necessary time to learn the technology. Finally, it
 15 would cause unnecessary party expense to help this Court understand the technology when TPL
 16 has already spent its resources doing so in the E.D. Tex. case. The Federal Circuit has approved
 17 this factor as being decisive in transferring a case to another district in *Regents*, and did so under
 18 the stricter first-to-file analysis that preceded *Genentech*.

19 **(ii) Transfer to the Eastern District of Texas is**
 20 **necessary to protect against inconsistent rulings.**

21 "As a general proposition, the interest of justice is advanced to the extent that one court
 22 (rather than two or more) is the source of the rulings and judicial guidance that are provided in any
 23 one case. Concentrating responsibility for rulings and guidance in one court reduces both
 24 inefficiencies (eliminating the need for judges in other courts to become familiar with the case and
 25 the pertinent law) and the risk that the parties or witnesses will be subject to inconsistent
 26 directives." *Arete* at *10.

27 In the Texas Case, the *Markman* decision issued by Judge Ward with regard to the '336
 28 patent and '148 patent was not appealed. Accordingly, that decision remains the best indication for

1 third parties on how to design their products to avoid the patent claims or whether to seek a license
 2 for those patents. The plaintiffs in this case, however, will likely request this Court to issue its
 3 own *Markman* decision, construing the claims in their favor.

4 A *Markman* decision by this court that departs from the *Markman* decision issued by Judge
 5 Ward will only provide an inconsistent result and promote confusion among the third parties
 6 looking for clarification on the scope of the coverage of the '336 and '148 patents. In contrast, if
 7 this case is transferred to the Eastern District of Texas, Judge Ward may issue a second *Markman*
 8 decision on those patents. In that case, he would simply be amending his own earlier decision,
 9 which would promote clarification, not confusion, of the coverage of the patents. A single voice
 10 should opine on the construction of these claim terms instead of two courts issuing competing
 11 claim constructions.

12 Further, the Texas Case is still being contested regarding the '584 patent. TPL is contesting
 13 the claim construction of the '584 patent in an appeal before the Federal Circuit. (Am. Notice of
 14 Appeal, Ex. D to Cook Decl.) If that claim construction is revised, and TPL expects that it will be,
 15 the Federal Circuit will remand the case back to Texas for further adjudication regarding the '584
 16 patent. "As a general proposition, cases should be transferred to the district where related actions
 17 are pending. The presence of three related cases involving the same patent and the same type of
 18 infringement actions in the [transferee] district weighs heavily in favor of transfer." *Carus Corp. v.*
 19 *Greater Texas Finishing Corp.*, No. 91 C 2560, 1992 WL 22691 at *2 (N.D. Ill. January 31, 1992)
 20 (citations removed).

21 ARM has alleged both that the '584 patent is invalid and that it does not infringe the '584
 22 patent. (See Am. Answer, Ex. E to Cook Decl. at ¶ 95.) The plaintiffs in this case also have
 23 argued that the claims of the '584 patent are invalid and not infringed. (See HTC's Complaint ¶
 24 18.) Accordingly, both Judge Ward and this Court will likely be ruling on the same issue of
 25 validity of the '584 patent and the related issue of infringement of the '584 patent. It is wasteful of
 26 judicial resources to have two judges ruling on the same issues. Further, there is the possibility
 27 that the two courts could issue inconsistent decisions. Accordingly, it would serve the interest of
 28

1 justice to transfer this case to Judge Ward to avoid duplicative, and potentially inconsistent,
2 rulings.

3 Even if the Federal Circuit upholds the claim construction of the '584 patent and the case
4 is not remanded, the Eastern District of Texas would still be the most convenient forum. In
5 *Reiffen*, 104 F. Supp. 2d 48, Mr. Reiffen had first asserted his patents against Microsoft in the
6 Northern District of California. The court decided his patents were invalid, and he appealed the
7 decision to the Federal Circuit. *See id.* at 50. He then filed a similar suit in the District Court of
8 the District of Columbia. *See id.* While the appeal to the Federal Circuit was pending, the D.D.C.
9 transferred its case to the N.D. Cal. *See id.* It held that the fact that the Federal Circuit case was
10 still pending:

11 . . . does not imply that it would be sensible or convenient to litigate
12 this complaint here if the Federal Circuit affirms (and so does not
13 remand to the Northern District of California). No matter what the
14 Federal Circuit decides, litigating this matter here would squander
judicial resources.

15 *Id.* at 53 (emphasis added). Here, like in *Reiffen*, the possibility of inconsistent rulings favors
16 transfer even though the construction of the '584 patent, once in the Eastern District of Texas, is
17 currently on appeal.

18 **(iii) The Texas court has the ability to compel
attendance of the most important witnesses**

19 “The availability of compulsory process to compel the attendance of unwilling witnesses is
20 an important factor.” *Arete* at *10 (citing *Cambridge Filter Corp. v. International Filter Co., Inc.*,
21 548 F. Supp. 1308, 1311 (D. Nev., 1982)). The convenience of *non-party* witnesses is an
22 especially important factor, and one that is accorded greater weight than the convenience of party
23 witnesses. *See Coxcom, Inc. v. Hybrid Patents, Inc.*, 2007 WL 2500982, *2 (N.D. Cal. 2007). The
24 inventors listed on patents are considered to be particularly important. “Among the most
25 significant witnesses on the infringement and anticipation issues are the inventor(s) and the design
26 and testing engineers.” *Arete* at *7 (citing *Steelcase Inc. v. Haworth Inc.*, 41 U.S.P.Q.2d 1468,
27 1470 (C.D. Cal. 1996)).

1 In this case, all of the inventors of the FM patents are either current employees of or
 2 consultants to TPL. (*See* Cook Decl. ¶ 8.) Charles Moore, the first inventor listed on the MMP
 3 patents, is also a consultant for TPL. (*See* Cook Decl. ¶ 9.) Accordingly, they are available to
 4 testify in either jurisdiction.

5 Mr. Fish, however, is the second-listed inventor on the MMP patents and is not affiliated
 6 with any party to this litigation. He is a resident of Dallas, TX, and therefore outside of the
 7 subpoena power of this court. (*See* Cook Decl. ¶ 10.) Mr. Fish is, however, within the subpoena
 8 power of the E.D. Texas, which has subpoena power over the entirety of Texas:

9 A court may compel any witness residing in the state in which the
 10 court sits to attend trial, subject to reasonable compensation if the
 11 witness incurs substantial expense. *See* Fed. R. Civ. P. 45(c)(3).
 12 Under this rule, this Court's subpoena power extends to all of the
 witnesses listed by the Defendant because they all reside in the State
 of Texas.

13 *Singleton v. Volkswagen of America*, 2006 WL 2634768 at *3 (E.D. Tex. 2006) (Ward, J.)

14 Accordingly, the Eastern District of Texas is able to compel the only non-affiliated
 15 inventor of this suit to attend trial, while this court is not. As stated in *Arete*, it is important for the
 16 non-affiliated inventor to be available for trial.

17 **(iv) The remaining public interest factors favor**
 18 **transfer.**

19 The Federal Rules of Civil Procedure mandate that the rules shall "be construed and
 20 administered to secure the just, speedy, and inexpensive determination of every action," and courts
 21 have adhered to a long-standing maxim that "justice delayed is justice denied." *See* Fed. R. Civ. P.
 22 1; *Tafolla v. City of Tustin*, 885 F.2d 1473, 1477 (9th Cir. 1989). A transfer to the Eastern District
 23 of Texas would favor expeditious access to judicial resources, because Judge Ward would not
 24 require the time to get up to speed with regard to the MMP patents. Evidence was also recently
 25 submitted in a currently-pending case in this jurisdiction showing that this Court is much more
 26 congested than the Eastern District of Texas:

1 The 2007 caseload profile for the Northern District of California
 2 indicates a median time from filing to trial of 24.9 months, and a
 3 caseload of 643 pending cases per judgeship. During the same
 period, the median time from filing to trial in the Eastern District of
 Texas was 18 months, with 419 pending cases per judgeship.

4 (Mosaid's Motion to Transfer, *Micron Technology v. Mosaid Technologies*, Document 43, No.
 5 5:06-4496 (N.D. Cal. 2008) (citations omitted), Ex. F to Lopez Decl.)

6 The factor of local interest is neutral. The lead plaintiff is a Taiwanese company with
 7 principal places of business in Taiwan. (See Complaint ¶ 2.) All decision-making authority for the
 8 plaintiffs for this conflict resides in Taiwan. In the pre-litigation attempts at a business agreement,
 9 all correspondence between TPL and the defendant was performed by Taiwanese offices. TPL
 10 conducted its discussions with employees of HTC including General Counsel Grace Liu, Senior
 11 Counsel Hogo Ho, and Principal Patent Engineer Vince Wang. (See Davis Decl. ¶ 2.) All of these
 12 people are based in Taiwan. Mr. Ho was to have final decision-making authority. (See Davis Decl.
 13 ¶ 3.)

14 The plaintiffs' engineering and design facilities of the potentially infringing products are
 15 likely based in Taiwan. For example, the U.S. Patent and Trademark Office ("PTO") database
 16 indicates that all of HTC's last 50 issued patents also list only Taiwanese inventors. (See Lopez
 17 Decl. ¶ 3.) Thus, the PTO database evidences that the plaintiffs engineer and design their products
 18 only in Taiwan. All evidence related to HTC's product designs and therefore potential
 19 infringement is likely located in Taiwan.

20 Finally, HTC's manufacturing facilities are likely located in China. (See Lopez Decl. ¶ 4.)
 21 While HTC has a subsidiary sales office in the U.S. that is also a plaintiff to this suit, there is no
 22 evidence that this office will be involved in the plaintiff's proof of their allegations at all. For
 23 example, this office has not been involved at all in the attempts to arrive at a business agreement.
 24 (See Davis Decl. ¶ 4.) There is, therefore, no real local interest in California related to the
 25 Taiwanese plaintiff's allegations of non-infringement.

26 There is no imposition of jury service on unaffected citizens of either jurisdiction because
 27 the case is national in scope and therefore affects the sale of potentially infringing products to
 28

1 citizens of both jurisdictions. The factor of direct access by the witnesses to pertinent premises is
 2 not important because there are no pertinent premises in a patent case. Further, the aggregate costs
 3 are likely the same, because the plaintiffs will either be required to travel to Texas or California
 4 for trial, and any difference in cost and time is likely negligible.

5 **b. The private factors are neutral.**

6 The district court must consider also private convenience and fairness factors, including
 7 ease of access to sources of proof, plaintiff's choice of forum, relative convenience to parties, and
 8 relative convenience to witnesses. *See Decker Coal*, 805 F.2d at 843.

9 **(i) Plaintiffs' choice of forum should be accorded no**
 10 **weight, because plaintiff is a foreign corporation**
 11 **with no ties to this district relating to the subject**
 12 **matter.**

13 In the weighing of convenience factors, when the forum plaintiff has chosen is also the
 14 plaintiff's residence, plaintiff's choice is given considerable weight and will not be disturbed
 15 unless other factors weigh substantially in favor of transfer. *See Royal Queentex Enterprises v.*
 16 *Sara-Lee Corp.*, No. C-99-4787 MJJ, 2000 WL 246599 at *3 (N.D. Cal. 2000) (*citing Decker*
 17 *Coal*, 805 F.2d at 843, which requires a "strong showing of inconvenience to warrant upsetting the
 18 plaintiff's choice of forum").

19 The Supreme Court recognized, however, that plaintiff's choice of forum is entitled to
 20 appreciably less weight when plaintiff does not reside there. "The District Court properly decided
 21 that the presumption in favor of the plaintiff's forum choice applied with less than maximum force
 22 when the plaintiff or (as here) the real parties in interest are foreign . . . when the plaintiff or real
 23 parties in interest are foreign, this assumption is much less reasonable and the plaintiff's choice
 24 deserves less deference." *Piper Aircraft Co. v. Reyno*, 454 U.S. 235, 255–56 (1981). "Some courts
 25 have gone even further and held that no deference is to be given a plaintiff's choice of forum in
 26 cases involving a foreign plaintiff and an American defendant." *Nolan Helmets S.P.A. v. Fulmer*
 27 *Helmets Inc.*, 37 U.S.P.Q.2d (BNA) 1351, 1352 (S.D. Fl. Nov 27, 1995).

28 In this case, the evidence ascertained indicates that the residence of the people and
 products involved with HTC's claim of no infringement is Taiwan and not California, and

1 therefore its choice of forum is entitled to little deference. Generally, the witnesses that a party
 2 provides to prove that its products do not infringe a patent are the engineers who are most
 3 knowledgeable of how the products are constructed and function. As outlined above, those
 4 witnesses are all based in Taiwan. There will be little, if any, greater inconvenience to the
 5 Taiwanese engineers to travel to Texas relative to California.

6 **(ii) California and Texas are equally convenient to the**
 7 **plaintiffs' parties and witnesses.**

8 Both the plaintiff as a party and the plaintiff's witnesses who will testify about the non-
 9 infringement of its products are likely based in Taiwan. Moving this case to Texas will impose
 10 little burden on these plaintiffs relative to traveling to California. All of defendant's witnesses
 11 over which it has control have consented to travel to Texas. Convenience to the parties' counsel is
 12 generally not a relevant factor. *See Steelcase*, 41 U.S.P.Q.2d at 1469. Accordingly, this factor is
 13 neutral.

14 **(iii) Both forums provide equal ease of access to proof**

15 Plaintiff's proof of non-infringement is located in the design centers in Taiwan. Thus,
 16 there is no difference in this factor whether the case is heard in Texas or California. Further, any
 17 evidence of invalidity is likely documentary in nature, and therefore there is no difficulty in
 18 accessing such proof in either jurisdiction. "With technological advances in document storage and
 19 retrieval, transporting documents does not generally create a burden." *Van Slyke v. Capital One*
 20 *Bank*, 503 F.Supp.2d, 1353, 1364 (N.D. Cal. 2008) (citing *Vitria Tech. Inc. v. Cincinnati Ins. Co.*,
 21 No. C 05-01951 JW, 2005 WL 2431192, *3 (N.D. Cal.2005)). Accordingly, this factor is not
 22 probative.

23 **c. This case could have been brought in the Eastern District**
 24 **of Texas**

25 The transfer statute 28 U.S.C. § 1404(a) allows transfer of a case to a district where the
 26 case could have been originally brought. The venue statute for patent cases provides as follows:
 27 Any civil action for patent infringement may be brought in the judicial district where (A) the
 28 defendant resides, or (B) where the defendant has committed acts of infringement and has a
 regular and established place of business. *See* 28 U.S.C. § 1400(b). The Federal Circuit has held

1 that the general venue statutes 28 U.S.C. § 1391(c) defines a corporation's residence to include
 2 any district where there would be personal jurisdiction over the corporate defendant at the time the
 3 action is commenced. *See VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1583
 4 (Fed. Cir. 1990).

5 Texas has a long-arm statute that reaches as far as the federal constitutional requirements
 6 of due process will allow. *See Guardian Royal Exch. Assurance, Ltd. v. English China Clays,*
 7 *P.L.C.*, 815 S.W.2d 223, 226 (Tex. 1991). A party with a distribution network that sells and offers
 8 to sell products in Texas that are alleged to infringe the patents establishes personal jurisdiction.
 9 *Vishay Dale Electronics, Inc. v. KOA Corp.*, No. 04-CV-247-A, 2004 WL 1908244 at *3 (N.D.
 10 Tex. 2004). In this case, HTC offers its products for sale in Marshall, Texas. Its website,
 11 <http://www.htcamerica.net>, directs the user with a tab titled, "Shop." (*See Lopez Decl.* ¶ 6 & Ex.
 12 C.) By clicking on this tab, the user is redirected to a web page that requests the user to enter his
 13 or her zip code. (*See id.*) By entering the zip code of Marshall, TX, 75670, a web page is brought
 14 up that indicates several HTC products available for sale and use in Marshall. (*See id.*) These
 15 products, Smartphones, are examples of the products that infringe TPL's patents. Accordingly,
 16 HTC has an "established distribution channel" for its products in Marshall.

17 ASUSTeK likewise has an established distribution channel in Marshall. For example, a
 18 user can enter its website, "www.usa.asus.com," then click on the tab, "Where to buy." (*See Lopez*
 19 *Decl.* ¶ 7 & Ex. D.) The website then brings up a page asking whether the user will be shopping in
 20 the US or Canada. (*See id.*) After clicking on the American flag, the website brings up a page
 21 where a user can select from the different categories of products sold by Asus—laptops,
 22 motherboards, components, and the like. (*See id.*) The user then can select the lap tops, and the
 23 website brings up a page showing all the different stores that sell Asus laptop computers. (*See id.*)
 24 These stores include numerous national re-sellers including Best Buy, CDW, and J&R.
 25 Furthermore, Best Buy itself has stores in Longview and Tyler, TX, both of which are in the
 26 Eastern District of Texas. (*See Lopez Decl.* ¶ 8 & Ex. E.) These laptop computers are the products
 27 that infringe the MMP patents and the FM patents. Accordingly, ASUSTeK has an "established
 28 distribution channel" for its products in Marshall.

1 **3. It is appropriate to bring a Fed. R. Civ. P. 12(b)(1) motion**
 2 **challenging declaratory jurisdiction on discretionary grounds.**

3 A motion requesting the Court to decline or abstain from jurisdiction may be considered
 4 under Federal Rule of Civil Procedure 12(b)(1). *See Ambat v. City and Cty of San Francisco*, No.
 5 C 07-3622 SI, 2007 WL 3101323 (N.D. Cal. Oct. 22, 2007) (“[N]umerous courts have also
 6 considered abstention arguments within the framework of a motion to dismiss for lack of subject
 7 matter jurisdiction pursuant to Federal Rule of Civil Procedure 12(b)(1)”; *Miller Brewing Co. v.*
 8 *Ace U.S. Holdings, Inc.*, 391 F.Supp. 2d 735, 739 (E.D.Wisc.2005) (“[A] motion to dismiss or stay
 9 based on an abstention doctrine raises the question of whether a court should exercise subject
 10 matter jurisdiction.”); *Beres v. Village of Huntley, Illinois*, 824 F. Supp. 763, 766 (N.D. Ill. 1992)
 11 (“a motion to dismiss for lack of subject matter jurisdiction pursuant to Fed. R. Civ. P. 12(b)(1)
 12 appears to be an appropriate method for raising the issue of abstention.”). The Rule 12(b)(1)
 13 framework applies with equal force to the issue of whether a court should exercise jurisdiction
 14 under the Declaratory Judgment Act. *See Miller Brewing*, 391 F. Supp. 2d at 740.

15 **B. Alternatively, this action should be transferred to the Eastern District**
 16 **of Texas under 28 U.S.C. § 1404(a) because Judge Sard’s court is the**
 17 **most suitable and efficient forum for resolving these issues with which**
 18 **he is already familiar.**

19 For the same reasons discussed above, if the Court holds that it has jurisdiction over this
 20 matter under the Declaratory Judgment Act and declines to dismiss the case, it should nevertheless
 21 transfer the case to the Eastern District of Texas under 28 U.S.C. § 1404(a), which states:

22 For the convenience of parties and witnesses, in the interest of
 23 justice, a district court may transfer any civil action to any other
 24 district or division where it might have been brought.

25 As discussed above, this action could have been brought in the Eastern District of Texas,
 26 which is the forum most convenient to the parties, and where the issues of this case can be
 27 resolved with the greatest judicial economy. If the Court declines plaintiffs’ motion to dismiss, it
 28 should transfer the case to the Eastern District of Texas.

C. Alternatively, this Court should stay these cases pending the resolution of TPL's ongoing appeal to the Federal Circuit and its offensive case against plaintiffs filed in the Eastern District of Texas.

TPL has appealed Judge Ward's construction of key claim terms appearing in the '584 patent. That appeal will soon be resolved by the Federal Circuit. TPL has also filed a number of lawsuits in the Eastern District of Texas accusing plaintiffs in this case of infringing the very patents that are the subject of the present declaratory-judgment complaint. According to the policies of that court, these cases will be assigned to Judge Ward since he has already construed these patents.

To the extent this court determines not to dismiss or transfer plaintiffs' current declaratory-judgment claims to Texas, and for all the same reasons that militate in favor of transfer, TPL urges the Court to stay these claims pending the resolution of its appeal in the Federal Circuit and its cases in the Eastern District of Texas.

IV. CONCLUSION

For all these reasons, this court should dismiss, stay, or transfer this case to the Eastern District of Texas, where Judge Ward will be able to use his previously-gained knowledge in an efficient manner.

Respectfully submitted,
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Dated: April 25, 2008

By:

/s/

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